

United States Senate
WASHINGTON, DC 20510

June 2, 2004

The Honorable Robert Zoellick
U.S. Trade Representative
1724 F Street, NW, Room F-220
Washington, D.C. 20508

Dear Ambassador Zoellick:

We remain deeply concerned about the economic health of the U.S. canned pear industry. This industry is vital to many rural communities in Washington, Oregon and California. We again request that you approve the U.S. canned pear industry's petition to remove South African canned pears from the list of products that receive African Growth and Opportunity Act (AGOA) benefits.

Since the original filing of the petition in December of 2001, the industry's situation in general has not improved and indeed it is more impacted and threatened now than ever before by imported product. In December of 2001 there were approximately 1617 Bartlett pear growers in Washington, Oregon and California. Currently industry estimates that there are 1,543 growers. This represents approximately a five percent decline in the number of Bartlett pear growers over the past two and one-half years

In 2001 the ITC reported that imports made up six percent of domestic consumption. In 2002, imports accounted for nine percent of domestic consumption and in the 2003 crop year it is estimated that they will be 11 % or more. As a result, the canned pear industry continues to experience serious financial stress and uncertainty. In fact, the economic distress that affects the canned pear sector is now spreading to the fresh Bartlett market.

This past season, the impact of increased imports of canned pears forced canners to significantly reduce (by at least 15,000 tons) the amount of Bartlett pear tonnage that they processed. As a result, tonnage that normally would have gone in the can was forced into the fresh market. In the Yakima growing district alone this resulted in a 50 percent increase in the fresh Bartlett pear pack. As one would expect, fresh Bartlett pear returns to the grower declined by 15 to 20 percent.

Contrary to what some have argued removing AGOA benefits for canned pears will not weaken AGOA. In 2002, U.S. imports under AGOA amounted to \$9 billion. The value of canned pear imports from South Africa that same year was approximately \$3.4 million or .04 % of the total value of all U.S. AGOA imports.

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It has been argued that AGOA is a trade policy vehicle, we strongly disagree. It is a unilateral preference enacted to help develop Sub-Saharan Africa. It is not a free trade agreement that guarantees South African producers duty free access to the U.S. market. In order to obtain that kind of access South Africa and the U.S. must negotiate a free trade agreement that provides benefit to U.S. as well as South African commercial interests.

The canned pear industry has historically been recognized as import sensitive. You personally have worked to assist this import sensitive industry transition to duty-free competition under various free trade agreements, most recently with Australia in which a transition time of 18 years was provided. We believe that it is consistent and appropriate to provide that import-sensitivity to the industry under AGOA.

AGOA was not intended to benefit foreign agricultural producers to the detriment of domestic producers. Import sensitive products can be and currently are exempt from AGOA benefits. During the last GSP review, an additional product obtained AGOA benefits, showing that change in one direction is possible. By removing canned pears from AGOA the Administration will show that it is also concerned about domestic producers.

Thank you for your consideration of our request. We look forward to hearing your response.

Sincerely,



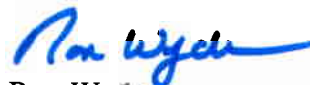
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